

§ 58-10-25. Definitions.

- (a) As used in this Part:
- (1) Assuming insurer. – The insurer that acquires an insurance obligation or risk from the transferring insurer under an assumption reinsurance agreement.
 - (2) Assumption reinsurance agreement. – Any contract, arrangement, or plan that:
 - a. Transfers insurance obligations or risks of existing or in-force policies from a transferring insurer to an assuming insurer.
 - b. Is intended to effect a novation of transferred policies with the result that the assuming insurer becomes directly liable to the policyholders of the transferring insurer and the transferring insurer's insurance obligations or risks under the policies are extinguished.
 - (3) Home service business. – Insurance business on which premiums are collected on a weekly or monthly basis by an agent of the insurer.
 - (4) Policy. – A contract of insurance as defined in G.S. 58-1-10.
 - (5) Policyholder. – Any person that has the right to terminate or otherwise alter the terms of a policy. It includes any group policy certificate holder whose certificate is in force on the proposed effective date of the assumption, if the certificate holder has the right to keep the certificate in force without any change in benefits after termination of the group policy. The right to keep the certificate in force referred to in this subdivision does not include the right to elect individual coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), section 601, et seq., of the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1161, et seq.
 - (6) Transferring insurer. – The insurer that transfers an insurance obligation or risk to an assuming insurer under an assumption reinsurance agreement.
- (b) For the purposes of this Part, a "novation" does not require the formation of a new policy or the amendment of an existing policy between the assuming insurer and the policyholder. (1995, c. 318, s. 1; 1995 (Reg. Sess., 1996), c. 752, s. 2.)